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July 25, 2002

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

RECORDATION NO. 24048 FILED

JUL 25 '02 3:56 PM

SURFACE TRANSPORTATION BOARD

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Mortgage, dated as of July 25, 2002, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Debtor: Babcock & Brown Rail Funding LLC
599 Lexington Avenue
New York, New York 10022

[Secured Party: Bayerische Hypo-Und Vereinsbank AG, as
Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 Munich
Germany]

Mr. Vernon A. Williams
July 25, 2002
Page Two

A description of the railroad equipment covered by the enclosed document is:

66 boxcars AOK 14105 – 14170, inclusive, 450 boxcars IBT 18400 – 18849, inclusive.

A short summary of the document to appear in the index is:

Memorandum of Mortgage.

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/anr
Enclosures

24048
JUL 25 '02

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EXECUTION COPY

SURFACE TRANSPORTATION BOARD

MEMORANDUM OF MORTGAGE

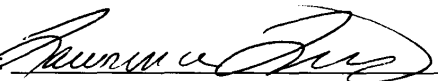
Memorandum of Mortgage, made and entered into as of July 25, 2002 by BABCOCK & BROWN RAIL FUNDING LLC (the "**Debtor**"), in favor of BAYERISCHE HYPO- UND VEREINSBANK AG, as Agent under the Security Agreement referred to below (together with its successors and permitted assigns, the "**Secured Party**"). Terms used in this instrument have the meanings assigned thereto in the Security Agreement dated as of December 1, 2000 between the Secured Party and the Debtor (as supplemented, including by Security Agreement Supplement No. 6 dated the date hereof, the "**Security Agreement**").

WITNESSETH:

The undersigned has entered into the Security Agreement, under which the Debtor has granted a security interest in certain railroad equipment bearing reporting marks and road numbers as listed on Exhibit A attached hereto and in each lease referred to on Exhibit B attached hereto to the Secured Party in order to secure the Debtor's performance of its obligations as described in the Security Agreement.

IN WITNESS WHEREOF, the party hereto has caused this memorandum to be duly executed by an officer duly authorized as of the date and year first above written.

BABCOCK & BROWN RAIL FUNDING LLC

By: 

Name: Lawrence Littlefield
Title: Vice President

Memorandum of Mortgage

COUNTY OF NEW YORK)

On the 24th day of July in the year 2002 before me personally came Lawrence Littlefield to me known, who, being by me duly sworn, did depose and say that he resides at 127 Danforth Drive, New Canaan, CT 06840; that he is the Vice President Babcock & Brown Rail Funding LLC, the limited liability company described in and which executed the above instrument; and that he signed his name thereto by authority of the officers of said limited liability company.

Karen L. Lanthier

Notary Public

[Notarial Seal]

KAREN A. HOULIHAN
Notary Public, State of New York
No. 01HO6051904
Qualified in New York County
Commission Expires December 4, 2002

Memorandum of Mortgage

**Exhibit A
to Memorandum of Mortgage**

EQUIPMENT

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	66	2002	50' Plate F CUF Boxcars manufactured by Gunderson.	AOK 14105-14170, inclusive.	None.
2	450	2002	50' Plate F CUF Boxcars manufactured by Gunderson.	IBT 18400-18849, inclusive.	None.

**Exhibit B
to Memorandum of Mortgage**

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

Lease #

1. Lease Agreement made as of March 1, 2002, by and between Greenbrier Leasing Corporation and BC Rail Partnership.

Schedule No. 01 to Lease Agreement made as of March 1, 2002, between Greenbrier Leasing Corporation and BC Rail Partnership.

Memorandum of Lease Agreement dated March 1, 2002, between Greenbrier Leasing Corporation and BC Rail Partnership.

Bill of Sale dated May 1, 2002, from Gunderson, Inc. to Greenbrier Leasing Corporation.

Certificate of Acceptance dated July 16, 2002, covering 66 Plate F Boxcars bearing reporting marks AOK14105-14126 inclusive, by BC Rail Partnership.

Certificate of Acceptance dated April 16, 2002, covering 11 Plate F Boxcars bearing reporting marks AOK14117, 14121, and 14160-14168 inclusive, by Greenbrier Leasing Corporation.

Certificate of Acceptance dated April 17, 2002, covering 10 Plate F Boxcars bearing reporting marks AOK14129-14133 inclusive, 14137, 14138, 14159, 14169 and 14170, by Greenbrier Leasing Corporation.

Certificate of Acceptance dated April 18, 2002, covering 2 Plate F Boxcars bearing reporting marks AOK14140 and 14141, by Greenbrier Leasing Corporation.

Certificate of Acceptance dated April 19, 2002, covering 2 Plate F Boxcars bearing reporting marks AOK14143 and 14144, by Greenbrier Leasing Corporation.

Certificate of Acceptance dated April 10, 2002, covering 4 Plate F Boxcars bearing reporting marks AOK14107, 14113, 14125 and 14128, by Greenbrier Leasing Corporation.

Certificate of Acceptance dated April 11, 2002, covering 10 Plate F Boxcars bearing reporting marks AOK14105, 14108, 14111, 14112, 14114, 14115, 14126, 14134, 14135 and 14142, by Greenbrier Leasing Corporation.

Certificate of Acceptance dated April 12, 2002, covering 8 Plate F Boxcars bearing reporting marks AOK14116, 14118-14120 inclusive, 14122 - 14124 inclusive and 14146, by Greenbrier Leasing Corporation.

Certificate of Acceptance dated April 15, 2002, covering 19 Plate F Boxcars bearing reporting marks AOK14106, 14109, 14110, 14127, 14136, 14139, 14145, and 14147 – 14158 inclusive, by Greenbrier Leasing Corporation.

2. Master Railcar Lease dated as of July 25, 2002, between Babcock & Brown Rail Funding LLC and Bombardier Capital Rail Inc.

Schedule No. 01 to Master Railcar Lease dated 25, 2002, between Babcock & Brown Rail Funding LLC and Bombardier Capital Rail Inc.

Memorandum of Lease and Security Interest in Respect of Railcars dated as of July 25, 2002 made by Babcock & Brown Rail Funding LLC and Bombardier Capital Rail Inc.

Bill of Sale dated as of May 31, 2002 from Bombardier Capital Rail Inc.

Bill of Sale dated as of July 12, 2002 from Bombardier Capital Rail Inc.

Manufacturer Consent and Agreement dated May 31, 2002 by Gunderson, Inc.

Manufacturer Consent and Agreement dated July 12, 2002 by Gunderson, Inc.